

**Appendix A3**

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## **Steele Hansmeier drops suit against 'porn granny'**

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-- Technology remains the undisputed driving force behind job creation and office leasing in San Francisco.

Yelp, LinkedIn, Salesforce.com, Dolby Laboratories and Advent Software are all hunting for more space in the city, industry sources say. Meanwhile, Mayor Ed Lee announced expansion plans for both Autodesk and Zendesk this week.

Tech firms moving to or expanding within San Francisco almost universally cite the local workforce. The creative and highly trained engineers they want to employ want to live in the city - or at least be able to commute to their jobs easily from surrounding areas.

In all, about 85 technology firms are scouting the local market for around 2.7 million square feet of office space, according to an analysis by real estate brokerage Jones Lang LaSalle. Through the first seven months of the year, the industry leased 4 million square feet in the city - 1.2 million of which represented growth (many of the leases were renewals for existing firms). Companies in the sector fill about 15 percent of the city's occupied office space but now represent about 30 percent of the growth.

"The trend is clear," said Colin Yasukochi, director of research at Jones Lang LaSalle. "They are growing at a substantially faster rate than any other industry in the market."

On Tuesday, Lee announced the official opening of Zendesk in the Mid-Market district while revealing that the customer-support software company sealed a deal to double its planned space there to 35,000 square feet. Opening the office at 989 Market St. makes Zendesk the first company to take advantage of the payroll tax exclusion passed in April.

The controversial measure backed by Lee was designed to help revitalize the rundown district by luring technology companies, particularly those keen to avoid what ends up being a steep tax amid an initial public offering. It was mainly driven by Twitter, which had been threatening to move its headquarters out of the city but ultimately signed a lease at the Market Square building.

"Our administration has pushed very hard this concept that technology companies should start here, grow here and stay here," Lee said in an interview. "It's a huge engine in our local economy."

On Monday, Lee also said Autodesk, a leading engineering software company, will expand its space at One Market Plaza by another 36,000 square feet. That marks the San Rafael company's second expansion in the past six months, bringing its total San Francisco presence to 150,000 square feet.

About 500 of Autodesk's workers are now located in the city, a number it expects will reach 700 within the next three to five years.

The latest lease "is about investing in our future and investing in this creative and innovative city," Autodesk chief executive Carl Bass said in a statement. "With our offices in the heart of downtown, we see our expansion playing an important role in attracting the best talent from around the Bay Area."

**"Porn granny" update:** A Chicago law firm has dropped its claims against an East Bay grandmother whom it accused of illegally downloading pornography, in a case that some observers said bordered on extortion.

"It is such good news as this lawsuit has been hanging over my head," said Jane, a retired widow in her 70s who asked that her real name not be used. "But at the same time, there's a certain bitterness about the whole thing."

We first reported on the suit in July, noting that Steele Hansmeier PLLC had filed cases on behalf of adult entertainment companies against thousands of people around the country. The suits usually seek damages for what the law firm says are illegal downloads of adult entertainment on personal computers.

In letters to defendants, the law firm strongly urges people to settle for a few thousands dollars, reminding them that it's less than what they'd probably pay in attorney's fees and that a settlement would keep their name out of a court case tied to porn.

Legal observers such as the Electronic Frontier Foundation say that the embarrassing allegations and low fees can compel people to pay up even if they've done nothing wrong.

Media companies and law firms can dig up defendant names by subpoenaing Internet service providers for the account holders linked to the online address seen downloading or sharing copyrighted files on sites such as BitTorrent. But it's a notoriously fallible way to identify actual violators. Internet customers routinely allow friends and family to use their accounts or inadvertently leave their Wi-Fi open to neighbors or passers-by.

Jane doesn't know how her account was used for these purposes, but insists she never downloaded pornography and had never heard of BitTorrent. She refused to pay the settlement fee.

In a recent letter, Steele Hansmeier said it wasn't pursuing further action against her. It mentioned The Chronicle column but suggested the decision had nothing to do with publicity or principle. Rather, it says the law firm found the actual person responsible for downloading the material in question.

Jane finds the claim dubious.

"They had an unwinnable case, and I called them on it," she said. "And I hope other people do, too."

Law firm partner John Steele didn't respond to an inquiry.

If the firm did find the "real" criminal, one might think it would - or at least should - offer an apology for the strain the case placed on an elderly woman. No such luck.

Instead, in a snide aside, the letter underscored that the firm knew she talked to the newspaper - but that it was impervious to such actions.

"Regarding the San Francisco article, publicity about our efforts are always welcome as it deters infringers," read the letter signed by Steele. "Also, a movie producer hired our firm after reading the article and for that I thank you."

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